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NEW REPORT:

RETAIL FACILITIES DESIGN

Dealers of the South Central States

Why F&I Can't Compensate for a Bad Boat Deal

Your Game Plan to Bigger Accessory Profits

SRO at Winter Boat Shows

BOATING INDUSTRY

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Brockway Marine in Ashtabula, OH, has developed an exciting new showroom design commensurate with a recreational boating revival in the area.
PHOTO: BOUNDAS

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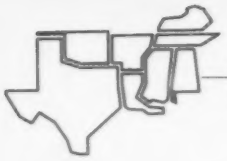
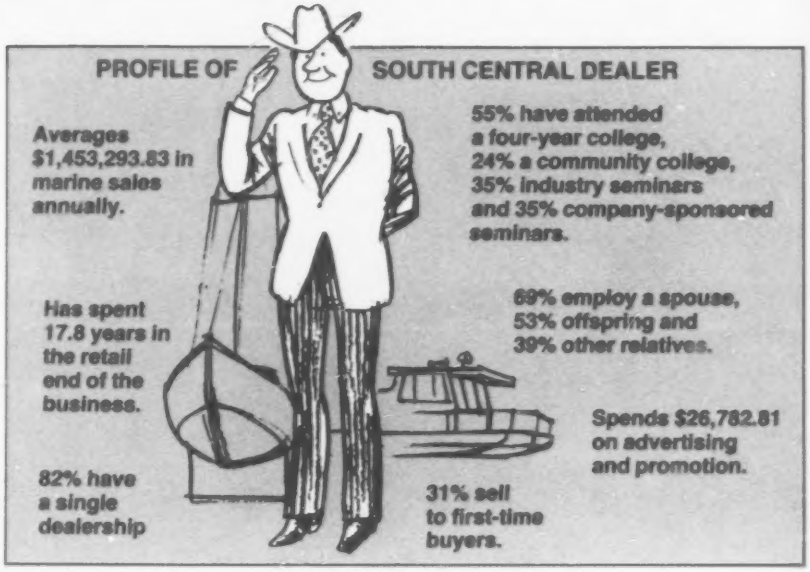
Lingering problems and hopeful signs abound in sections with energy-based economies. Elsewhere, the news is mostly good and the future seemingly bright.

Dealers of the South Central States

BY CARL WEINSCHENK

The south central states, the focus of BOATING INDUSTRY'S third regional dealer study, include some of the most storied places in the nation. It encompasses the bluegrass-fed thoroughbreds of Kentucky, the mysterious bayous of Cajun Louisiana and the flint hard oil country of Oklahoma and Texas. It is a region of tough, hard-working people, many of whom have shouldered, along with midwestern farm-




PROFILE OF SOUTH CENTRAL DEALER
Averages $1,453,293.83 in marine sales annually.
55% have attended a four-year college, 24% a community college, 35% industry seminars and 35% company-sponsored seminars.
Has spent 17.8 years in the retail end of the business.
69% employ a spouse, 53% offspring and 39% other relatives.
Spends $26,782.81 on advertising and promotion.
82% have a single dealership
31% sell to first-time buyers.

ers, the hardest economic realities of 1980s America.

Demographics

The region is difficult to pin down statistically. With the notable exception of the long Texas coast, it is lake oriented. The emphasis on inland boating can be surmised by the mere 12 percent of dealers who think inboards are their top selling power option.

Bass boats are top sellers for 48 percent of the dealers. The immense popularity of tournaments is the real proof that many prefer calm and sedate lakes to the excitement of the open water. Where bass boats are king, a princely amount of electronics are sure to be sold. The 66 percent that call such gadgetry their top accessory segment bear this out.

Almost three-quarters of the approximately 100 respondents run stand-alone dealerships, while about 20 percent are affiliated with a marina or boatyard. This, along with the average of about 11 employees (77 percent of which are full time) and the region's overall rural nature indicates that the traditional "ma and pa" business is still alive and well in the region. This is further collaborated by the finding that more than 80 percent of the dealerships are single location.

It is also apparent that people in the south central states believe that business begins at home. Most dealers employ relatives. In about 70 percent of the cases, the relative is a spouse. Thirty-seven percent have children on the payroll and about 40 percent hire other relatives.

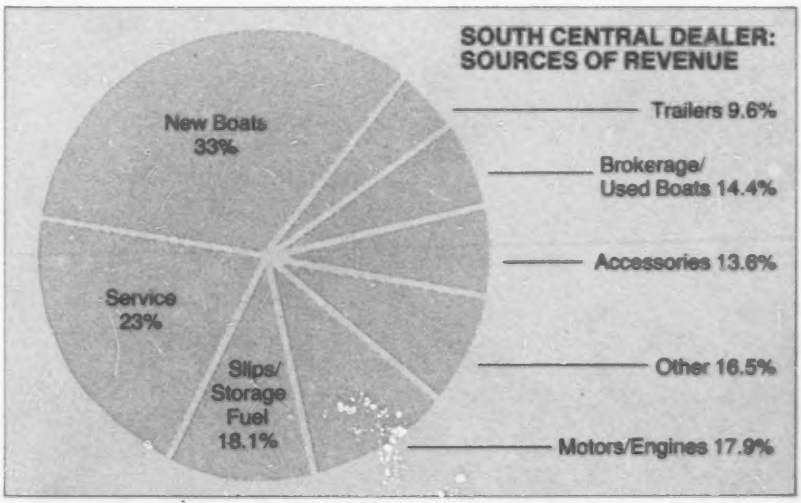
Responding dealers average 18 years in the business. Such a high norm, which includes those just starting out and therefore too young to do anything but lower the total, implies that a high number of the older respondents are lifelong boat dealers.

Economic Woes

It is not surprising that in an area where most people rely on fuel, farming and real estate, finance dominates the thoughts of boat dealers that serve them. "Our economy, here in Oklahoma, is horrible right now," said Dick Hastriter of B & D Marine in Ponca City. "We're basically an oil and farm industry, and it's really hurting." A Corpus Christi dealer sees the effect of plummeting oil prices. "The banks will not admit it, but I think as soon as we have a drop in prices it automatically and immediately affects the money flow from the banks. Everything starts to get tight. They may say it's not, but everybody down here knows it's an immediate repercussion."

Dealers in many areas bemoan the economy. "There is 20 percent unemployment here because six or seven factories in Rome (Georgia) closed down in the last three years," said Jerry Isham, a dealer in Harriman, Tennessee. A Lufkin, Texas, dealer summed up a common feeling: "(The) oil business is awful and that's what our area is." A dealer in Muskogee, Oklahoma, agreed with Hastriter, saying there is a "depression economy in this area." A forecast of hard times also comes from a New Orleans dealer who indicated that he expected 1987 to be "poor. (We are) dependent on oil fields which have high unemployment, reduced wages and less disposable income."

The boat business is a difficult one in which to succeed even during good times. When a region is taking



BEST SELLERS
SOUTH CENTRAL DEALERS

BOATS

Runabouts
Bass Boats
Fishing Boats
Pontoons
Cruisers
Jon Boats

ACCESSORIES

Electronics
Hardware
Recreational Equipment
Maintenance Equipment
Safety Equipment

POWER OPTIONS

Outboards
Inboard/Outboards
Inboards

it on the chin, recreation is among the first things eliminated from family budgets. Many indicated that profits can be made only if the effort is monumental. "I think we are going to have to work harder to stay with 1986 because of the economy," said a San Antonio respondent. Hastriter agreed: "It just takes a lot of hard work and long hours and you can do it."

Perhaps the most down-to-earth attitude comes from Isham: "I advertise in 15 to 20 newspapers (in the classified section) and I've been in the same location for 15 years. I buy at the right time of the year, and buy what the manufacturers want to sell. I buy scratched and dented stuff, close-out stuff. I'm here seven days a week and I'm cheap and I go to church once a week and I pay the preacher." It works: He claims consistent sales in a 60- to 70-mile radius.

Comeback Anticipated

A sense that the worst is over and the region is about to start a recovery, albeit a long and arduous one, came through in the responses, especially from the Lone Star State. Carole Russo, owner of The Boat Mart in Seabrook, Texas, indicated that current conditions rated a five on a scale of one to ten. Though that may seem unimpressive, Russo's assessment of last year was only a two. "In the fall it looked depressing, but it's looking up. Hopefully, it will

CLOSEUP

The Dealer Who Dogs It

Rutledge Parker is proud that he has gone to the dogs. The 53-year-old Parker is a leading breeder of Pembroke Welsh Corgies.

Parker owns Breath's Boat and Motors in St. Louis Bay, Mississippi. The dealership, still carrying the name of the man who founded it in 1926, is on six acres along Highway 90, two miles from the water and 50 miles from New Orleans.

The Parkers' hobby was born as a release from the demanding world of boats. "We used to go to the local yacht club," said Parker. "As soon as we would sit down, over would come somebody who had too much to drink, and he'd say, 'Rut, that motor you worked on two years ago doesn't run right. What did you do wrong?' It would, of course, ruin your pleasure. So we decided we needed an escape."

Parker and wife Nash decided dogs would provide the diversion; Pembroke Welsh Corgies became the breed when Nash saw the reigning champion at a show. Since then, the Parkers have bred between 60 and 70 Corgies, 30 of which won championships, an honor awarded on cumulative show point scores. (Championships are distinct from best in show awards, several of which Parker Corgies have also won.)

Corgies served the Welsh as cow herders. Parker describes them as "working dogs, very sturdy little fellows and good companions." They reach 30 pounds, have short legs and no tails. "They are not really rare, but they are not overpopularized either, which has kept the temperament good," said Parker. Corgies, Parker indicates, are the breed owned by the Queen of England.

In a way, the hobby has taken him further than even a well equipped Mako could. During the

Rut Parker says that Herby loves the canine jet set.

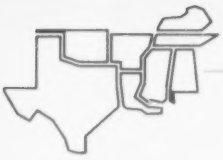
off season, he travels to both general and breed-specific shows to display the current star Corgi. The couple also ventures to England every few years to replenish the stock. Parker will travel to Wales in the autumn of 1988 to help judge a specialty show, an honor he said is rarely accorded an American.

The star of the kennel—and the top Corgi in America—is Herby, an eight year old especially close to Parker's heart because he owned both parents. In fact, the father has accompanied Parker to work for 12 years. Parker has travelled 50,000 miles with Herby, who is a willing member of the canine jet set. "He hops right in the crate," said Parker. "He's a traveling man, and he thinks it's wonderful."

Dog breeders do not get involved for the money. Winning owners get trophies or silver trays. "There is no money in it, it's a losing proposition," he said with a laugh. "I make my money in boats, and spend it there."

The value to Parker is the break from the concerns of a boat dealership. "When I go out with these (dog breeding) people, they don't know I'm in the boat business. So nobody comes to me with a complaint. It has kept me sane. And, you know, it's difficult to stay sane in the marine business." □

—Carl Weinschenk



SOUTH CENTRAL STATES

get better still." Her optimism is primarily based on a successful Houston show.

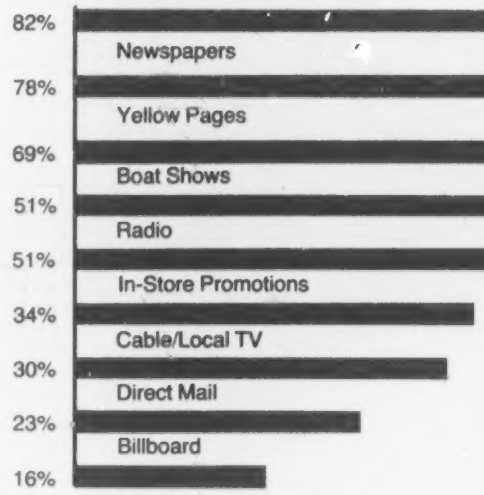
The responses indicating recovery is imminent are interesting. A Dallas dealer: "I think '87 will be better. (It) seems oil and real estate problems in Texas have bottomed out." An improvement in Texas was also predicted by a Fort Worth dealer. Sales, he said, "should be up because of lower interest rates and a better economic climate." A Park Hill, Oklahoma, dealer also feels things are changing. "The weather has been mild and people are able to get out. Interest rates are lower and those that purchased new cars are now to a point where they can afford something else." The shining city of Houston has at least one dealer who is beginning to feel better. "Our area, which is depressed because of the oil industry, should show modest growth in 1987 and good strong recovery in 1988."

Dennis Conner and company have a Gulfport, Mississippi dealer looking ahead optimistically."Business should increase. The America's Cup has more people interested in sailing. We sell entry level boats and believe more people than ever will be buying." A Louisville dealer offered another positive assessment. "All early indicators are up, like boat shows. Also, there has been excellent fuel price stability, and interest rates and long-term availability of money have been excellent." Pure optimism was expressed by Gail McLeod, of McLeod Marine in Pascagoula, Mississippi: "It's going to get better. We've got a lot of faith. We ordered a little over 200 boats this year already...We started out with a little tackle store (in 1981). It got out of hand."

Two outside influences may impact the south central states. The celebrated buying war between Brunswick and Outboard Marine Corporation started, at least partly, because both companies wanted to avail themselves of the package concept. The results will be lower prices for boat, motor and trailer rigs, which are a popular configuration to the millions of south central bass fishermen. The long-term success of the Tennessee-Tombigbee Waterway will also influence the pleasure boating picture.

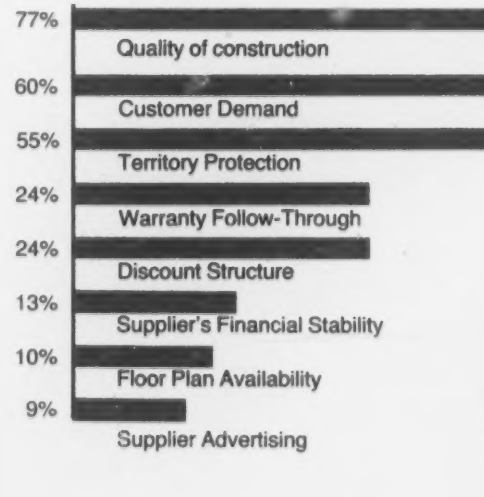
Resort areas, due to out-of-region customers, often have economies independent of local trends. Harold Hinterliter, the owner of a cruiser service facility on Cumberland Lake in Burnside, Kentucky, indicated that he hopes to open a second service facility on the dammed east end of the lake. "Business is doing real well the last couple of years," he said. The local economy, according to Hinterliter, "is better than a lot of smaller Kentucky

SOUTH CENTRAL DEALERS PROMOTION METHODS



Dealers were asked to list their methods of promotion. Leading the list were newspapers and yellow pages. These ubiquitous print tools are used on a daily basis by virtually every household in the region.

SOUTH CENTRAL DEALERS PRODUCT DECISION INFLUENCES



Product decisions are a determining factor in the success or failure of a dealership. Respondents rated the most important considerations: construction quality, customer demand and territory protection.

towns right now."

The Lake Shore Boat Shop, in Cadiz, Kentucky is situated between two of the largest man made lakes in the world. Owner Jim Freels sounds like a man without a care. "My business grows and grows. We have had sales increases every year we've been in business (17) but one (1980)," he said. He feels good about the future. "The economy doesn't bother me in the least. I don't even think about it."

Dealers' feelings about the future generally depend upon the economic base of their state.

The Issues Differ

The region is extremely diverse in climate (economic and meteorological), topography and boating usages. Responses to the BOATING INDUSTRY survey make assessments of conditions in most of the south central states possible.

Arkansas: There is no clear voice among Arkansas respondents, but the impression is that slight improvement is likely. One dealer feels his business will be up by one-third, another sees a 20 percent increase and a third envisions more sales of big-ticket items but with margins cut by competition.

Mississippi: Dealers in this state seem confident good times are ahead. A dealer from Columbus sees better cooperation between dealers. A Gulfport dealer credits lower interest rates. Another Gulfport dealer, whose business is service-oriented, is anticipating a growth year. It is important to note, however, that service businesses thrive when new boat sales slide. The respondent did not indicate how the increase will be achieved.

Oklahoma: The slight consensus is that boat sales will start to recover from the devastating drop in fuel prices of the last several years. Energy-dependent economies are

CLOSEUP

A Place In the Shop

As one of about eight female certified MerCruiser mechanics in the country, it may be easy to portray Gwen McDaniel as a women's libber. The label, however, would be inaccurate.

"I don't have a macho-type attitude," said the Galveston, Texas dealership co-owner. "I like having my cigarette lit. I like having the door opened. I like having my husband pick up the check."

The 41-year-old grandmother's penchant for mechanics predates the women's movement. She grew up in Houston, spending long hours with her father, an airplane enthusiast. "As the youngest of three girls, I had to be daddy's little boy," she said.

When Gwen married Randy McDaniel ten years ago, the emphasis moved from the cockpit to the flybridge. The couple bought a dilapidated 30 foot Egg Harbor. "I did various jobs, painting, reworking the wood, things on the general appearance of the boat. Randy worked on the mechanical and electrical end of it."

Both were employed by Southern Pacific. At the same time, they were getting part-time jobs working on boats. McDaniel's interest in propulsion grew. "I started following him around and getting in his way so he bought me a set of tools and said I could have my own bench," she said.

Finally, boating was made the full time occupation. "Everyone kept asking us for help. Our part-time job was interfering with our full-time job. So we decided to quit and just hang out a shingle." Galveston Marine Center, now five years old, handles Mercury and MerCruiser products. An enlargement of the yard area by a building relocation is planned.

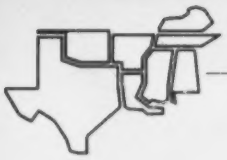
At first, McDaniel worked the dealership's counter, where a growing knowledge of parts enabled her to answer most questions without disturbing the mechanics. It soon became obvious she belonged in a service school. Randy, who attended before her, prepared instructors for her arrival and so there were few problems. Instructors and students, McDaniel said, simply had to be careful about the choice of adjectives when referring to uncooperative engines or equipment. McDaniel is currently back in class earning her outboard certification.

One day Randy and Gwen McDaniel just hung out a shingle.

McDaniel laughs when describing the surprise and initial resistance of some customers to a lady mechanic. After returning from the school, she took charge of the service department and hired a woman to take over her old job behind the counter. "Guys would come in and want to talk to a mechanic. She'd stick her head back and say, 'Hey, Gwen,' and I'd walk up front and their face would just fall. (They would say) 'My God, I've got to talk to a woman after all.' "

McDaniel minimizes the impact of her sex. "Once you get talking to someone who has a problem, it doesn't take too many words for them to realize you know what you are talking about and gender just floats away. It doesn't matter." □

—Carl Weinschenk



SOUTH CENTRAL STATES

unpredictable. For instance, a re-emergence of a strong OPEC would be a boon to the state. An Oklahoma City dealer indicated that improvement over 1986 will stem from an improved economy, more informed buyers and more product. On the other hand, a dealer who does his selling in Tulsa feels sales will be down because of reduced consumer spending and increasingly price-conscious buyers.

Texas: This state has undergone tremendous change during the last ten years. The influx of petro-dollars helped cities such as Dallas, Houston and Fort Worth grow at rapid—some would say amazing—rates. When the price of crude began to fall, the state was hit hard. Not only did oil jobs dry up, but industries that developed along side, particularly real estate, fell into the empty well.

If the survey is any indication, however, Texans, at least in some quarters, think they are beginning to see the light at the end of the tunnel. Of the 25 respondents who addressed the question of whether 1987 will be better than 1986, 17 answered yes. The sense is that dealers are coming to grips with the reality of a less-than-heavenly economy and planning accordingly. "Things appear to be picking up a little for 1987. In '86 our market area was in a state of shock from oil and real estate busts. It seems buyers have adjusted somewhat and are a little more willing to buy," said a dealer from Austin.

The need to work harder and smarter to sustain the same gains that came easily ten years ago was acknowledged: A Dallas dealer has switched emphasis from number of units sold to profits; an Abilene dealer cut product lines; a Waco dealer identifies more aggressive marketing as the key to an expected increase. The axiom that market-share gains are made during bad times because everyone grows proportionally during optimum periods can be aptly applied to Texas.

Texas boasts a long coast line and therefore benefits from Gulf of Mexico (deep sea-like) water sports. Captain James Mason, owner of The Boat Shop in Corpus Christi, indicated that sailing is becoming more popular and that the city and its hotels are working in effective concert with various sailing societies.

SOUTH CENTRAL DEALERS PRODUCT LINES MOST LIKELY TO ADD

Runabout
Outboard
Pontoon
Cruiser
Yacht

Tennessee: Things are going well in the Volunteer State. A Clinton dealer points to less unemployment and low interest rates as the reason. A Knoxville dealer's 20 percent increase is credited to an improving economy and better advertising. The story in Nashville, at least for Furney Irwin, the general manager of Turner Marine, is an extremely happy one. Turner, which is just outside the city line in Old Hickory, is benefitting from the hub American Airlines is creating. "The construction industry is fantastic, the growth of the area is unreal," said Irwin. "The only thing that concerns me is the price of gas going up...We're running well above our projections for this year."

A sense that better times are ahead is evident. The feeling, however, is by no means unanimous.

Louisiana: No agreement but a sense of pessimism emanates from this oil-dependent region. A Lafayette dealer expects a 20 percent increase, while an Abbeville dealer sees no improvement: "I think 1987 will be just like 1986, because of the oil drilling, which is the main employer of the people in this area." A Baton Rouge dealer thinks business will be "about the same or not as good." The word from New Orleans is also mixed. Three responses came from the most exciting city in America. One indicated business was booming, another said no growth was expected and the third commented that things were getting worse. The dealerships are probably in different parts of town.

It is possible to learn several things from these comments:

- The situation in areas not dependent upon oil is much more optimistic than those that are.
- Many dealers in oil and real estate regions feel that the situation has bottomed out and is on the upswing; the unanswered question is whether the optimism is based on fact or emotion. The verdict is by no means universal and many dissenting voices indicate the hard times are here for the duration. It must be remembered that events in other areas—particularly the Mid East and Washington—will play pivotal roles in the economic future of Texas, Oklahoma and Louisiana.
- The businesses that are expecting success are going about things in innovative ways. Tactics include cutting loose unproductive lines, opening new locations and adopting better advertising and marketing techniques.

The richly varied states of Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma and Texas offer a rich tapestry of people, ways of life, economies and boating preferences. The fact remains that, whether in good times or bad, people of the region have as close a relationship to the water as any people in the country. It is this, and not the eventual fate of the oil fields and real estate offices, that will keep pleasure boating afloat. Whether times are described as good or not may, indeed, depend upon outside influences, but it is a region where boating will remain among the passions of the people.

The south central region is a place where things come hard. Dealers, for the most part, have no illusion that the rewards reaped in the future will be easy. Many, however, seem to have no doubt that those rewards will come. □

If You've Been Looking For A Boat Company That Treats You More Like A Partner Than An Outlet — **Look to Ebbtide**

190 CATALINA CUDDY I/O XL · CAMPIONÉ 200 · DYNA-TRAK 196 SS LE

We treat our marine dealers like partners because we believe we're in business together. People doing business with people. Not some large impersonal corporate conglomerate that issues quotas for you to meet.

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We've earned our reputation for innovation and quality by continuing to meet the demands of your changing marketplace. Today, an Ebbtide dealer can offer 30 models in three full lines, whether it's an entry-level runabout or luxury Catalina, a sexy new Campioné ski and sport series, or the professional tournament designed Dyna-Trak bass and fish and ski boats.

We're expanding our manufacturing facilities again so our dealers can get quality boats all year long when their customers want them. And with eight national distribution centers, delivery time is kept to a minimum. And that means better service and more profits for our dealers.

We support your sales with national and regional advertising timed to reach your customer when he's ready to buy. We offer literature that presells the prospect. We conduct sales and service seminars for you and your employees. Rapid response on small parts, service and warranty questions within 48 hours.

Richard Brown, left, Arizona angler and bass club president. "This is my second Dyna-Trak. I've fished in other makes my buddies own, but when it came time for me to put down my own money, I bought Dyna-Trak. You just can't beat the handling and performance."

Paul Thun, Salesman, Southwest Marine, Mesa, AZ. "I've been selling boats for a long time, and our Ebbtide line offers the kind of affordable quality other brands just can't match. They're easy to sell."

Performance and Styling

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EBBTIDE

EBBTIDE CORPORATION

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Accessories are not just a burden that all dealers must bear. Marine dealers have only just begun to appreciate the role these smaller ticket items play in their overall profit-building.

try as well as to added promotional spending by dealers, distributors, and manufacturers.

Accessories have relatively low price tags but comparatively high markups. The average distributor, according to estimates by the National Marine Distributors Association(NMDA), increases the product's initial price by approximately 10 to 35 percent. The dealer then adds his 20 to 75 percent , resulting in a 30 to 100 percent overall markup per item. Profit margins of 40 to 60 percent for the dealer are the norm rather than the exception.

George Rounds, director of association services for the NMMA, is quick to point out that inventory turns over at a higher rate for accessory items."With the investment of just one dollar," explains Rounds, "a dealer is likely to realize six or seven turns on the inventory, which is much more profitable than boats or engines sales."

Accessory items may be divided into two broad categories: necessities and impulse purchases. The necessities are the staples of boating: life jackets, fire extinguishers, anchor lines, and horns. But when the average buyer visits his local dealership to buy the necessities, he is apt to find a boating accessory that he just *must* have. "On the impulse side," points out Rounds, "he is liable to find something that might make his boat a little bit better; maybe a new waterski rope or handle, extra boat seats, etc."

Accessory sales, of course, are not restricted to single purchases of essential or discretionary products. "Tie-ins are used very successfully by some of the more aggressive dealers," said Rounds. "A dealer creates an entire boating package. For example, for a water skier, the dealer can add in skis, tow ropes, ski bags and rear view mirrors."

Well stocked accessory departments can actually generate fringe benefits for the dealers. "Handling accessories gives the image that the dealer has a full service type of operation," explains Rounds. "And, it also provides an opportunity to pull customers in that already have their boats and motors while building store traffic through an accessory business."

George Farina, manager of Annandale Marine in Annandale, VA, operates a very successful accessory department. In fact, 53 percent of the dealership's profits are attributed to accessory sales, and the store averages an increase of 15 to 20 percent each year. According to Farina, their success is tied to careful merchandising. "We try to be organized and we are particular about how the product appears on the shelf. We also sell a lot of packaged items rather than bulk items," explains Farina.

Lakeside Marine, located in Harrisburg, PA, also relies heavily on merchandising to sell more accessories. In addition, however, they do a considerable amount of in-store promotion. "As the customer walks in, he might get a flyer or we might hand them one with their sales receipt," explains Bob Brightbill, vice president. "Also our salespeople help sell accessories by being informative and knowledgeable."

While Brightbill does not consciously use tie-ins, he encourages his staff to customize boat packages specifically designed for the customer's needs. "I think, by working with the customer, it adds a more personal touch," he says.

Dealers, until recently, had a monopoly on marine accessory sales. Now, competition from lower overhead catalog houses, which can offer lower prices, has hit hard. No longer can dealers afford to let accessory departments slide. Rounds points out, "It (discounting) already has had an effect and it is still there. Aggressive dealers are able to combat it by competitive prices, highlighting installation, and servicing the product later on."

Both Annandale Marine and Lakeside Marine have felt the impact of catalog houses. According to Brightbill, their effect on business gets more and more significant all the time. Both agree that the dealer has far more to offer the customer, and that he should expand on those assets. "In order to compete, dealers have to do something other than stick their heads in the sand," explains Brightbill.

Jerry Larson, owner of Larson Marine in Waukegan, IL, points out that the competition is primarily on more expensive items, such as life jackets, but that he is able to continue a profitable business on the smaller-ticket maintenance items.

The NMMA promotions continue to be used by dealers looking to improve their accessory sales. Most recently, April Accessories Month has been renamed Accessories Savings Month. The promotion, which began as a take-off on National Hardware Week, is sponsored by the National Association of Marine Products and Services (NAMPS), one of the three divisions of the NMMA. NAMPS works through the Marine Accessory Council, which includes representation from NAMPS, the National Marine Distributors Association (NMDA), the National Marine Representatives Association (NMRA) and the Marine Retailers Association of America (MRAA).

Explaining the promotion's name change, Rounds says, "Clearly the thing that draws people in to consider more accessories and to build store traffic is an opportunity to save some money. In essence, we gave the promotion the name that really fits and that might have more appeal to a consumer."

Dealers are encouraged to take advantage of the promotion pieces

made available by the NMMA. The $15 Accessories Savings Month kit contains window banners, counter cards, price cards, and other hanging promotional cards.

Rounds claims that the NMMA has had reports of dealers increasing their accessory business by 300 percent using their promotions. Moyat adds, "We certainly have an indication that NMMA promotions have helped dealers based on both increasing participation in the promotions and by the repeat participation of the dealers."

Manufacturers, distributors, and representatives also contribute to the dealer's overall accessory profit picture. "Manufacturers and distributors have focused on special discounts, rebate programs, and gift items, all geared at saving the consumer money," says Rounds. Some distributors have provided direct mail pieces for their dealers, have worked with dealerships on their store layouts, selected merchandise, and have educated salespeople about accessories.

Dealers have just started to realize that there are profits to be had with their accessory departments.

No one marine industry group is as dependent on the accessory market as distributors. As pointed out by Errol Hymel, NMDA president, "One hundred percent of a marine distributor's business is accessories. After all, they don't really sell boats and motors."

During recent years, Hymel explains, distributors have also enjoyed higher sales figures. "Every year, there are more boats in service. The number of boats that are junked each year is less than the number of new boats on the market. Consumers have to purchase the essential accessory items as well as convenience items, to make boating more pleasurable," continues Hymel. "Sales figures have been up for distributors, by about 5 to 10 percent each year."

NMMA and NMDA representatives are quick to point out that the effectiveness of accessory promotions and sales ultimately comes down to the dealer level. "More dealers should realize that there is profit to be had with accessory businesses," says Rounds.

Rather than thinking of accessory departments as burdens that all dealers have to bear, they should analyze their markets, trying to identify what most customers are in their areas using their boats for, and then build their inventory towards satisfying that market.

The NMDA suggests that dealers exercise caution when purchasing accessory items for the coming season. They should try to buy in proportion to the expectations for the next few months.

The innovative dealers will feature ancillary items like foul weather gear, fishing gear, and tackle boxes from time to time. Complete boating packages should be displayed on the showroom floor to entice bigger and more complete purchases.

Although it is still too early to be absolutely certain, the accessory market for the coming year is expected to remain steady. Since there are more boats on the market and more boaters on the water, industry experts across the country concur that indicators point toward some slight growth for the accessory market, paralleling the anticipated gains of the boating industry in 1987. □

Expectations High For Accessories Market

Marine accessories account for approximately 10% of the business done by the average marine dealer each year. The high retail markup on accessory products, ranging from 30% to 100% of the manufacturers' cost, can account for more than 10% of the dealer's gross profits. Dealers can expect a profit margin of 40% to 60% on each item.

Expectations are high for the next year. Sales figures for the past three years show an average increase of 10%. Last year's total was $990,100,000. Marine industry experts expect the trend to continue.

Distributors anticipate carrying larger inventories to meet increased demand. Distribution patterns, however, will be changing to accommodate the advent of buying groups, catalog houses, and mass merchandisers. Distributors will have to offer better ancillary services to the dealers in order to retain their present customer base. Industry experts agree distributors will not be able to compete on price alone.

MARINE ACCESSORY SALES